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Message Text

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ORIGIN EB-03

INFO OCT-01 EUR-08 ISO-00 /012 R

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DRAFTED BY EB:NLPAZDRAL:SL
APPROVED BY EB:MR KATZ ACTING
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O 071831Z NOV 74
FM SECSTATE WASHDC
TO AMEMBASSY BRUSSELS IMMEDIATE

C O N F I D E N T I A L STATE 245520

FOR ASSISTANT SECRETARY ENDERS

THE FOLLOWING REPEATS BANGKOK 17409 ACTION
SECSTATE 04 NOVEMBER 1974. QUOTE:

C O N F I D E N T I A L BANGKOK 17409

E.O. 11652: GDS
TAGS: EAIR, TH
SUBJECT: CIVAIR: US-THAI NEGOTIATIONS - SITREP

1. DEVELOPMENTS TO DATE REFLECT A MOST DIFFICULT AND FRUSTRATING ATTITUDE ON THE PART OF THE THAIDEL. EACH US CONCESSIONS HAS BEEN MET BY AN ESCALATED DEMAND WHICH PROVIDES THE NEW LEVEL FOR THE DISCUSSIONS. WHENEVER WE INDICATE A RELUCTANCE TO MEET THAI DEMANDS WE ARE ACCUSED OF HAVING A "BAD ATTITUDE" AND CHARGED WITH FULL RESPONSI-BILITY FOR ANY EVENTUAL BREAKDOWN IN THE TALKS. NOW SEEMS A GOOD TIME TO TAKE STOCK AND ATTEMPT TO DETERMINE WHAT THE THAIS ARE REALLY AFTER AND HOW BEST WE CAN DEAL WITH THE SITUATION.

2. THAI TACTICS SO FAR HAVE APPEARED TO BE CONSIST WITH ANY OF THE FOLLOWING THAI GAME PLANS:

A. TO MAXIMIZE POTENTIAL AVIATION GAINS NOW BEFORE
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THAI CARRIERS ESTABLISH A HIGHER EARNINGS BASE UNDER

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THE AGREEMENT AND BEFORE ANY REDUCTION DUE TO PAA/TWA
DEAL BECOMES APPARENT.

B. TO UTILIZE THE US AS THE WHIPPING BOY TO DEAL
WITH THE INTERNAL STRUGGLE BETWEEN THAI INTERNATIONAL
AND AIR SIAM. COMMUNICATIONS MINISTRY ANTIPATHY FOR
AIR SIAM IS WELL KNOWN AND UNDER SECRETARY SIRILAK HAS
BEEN THE TARGET OF FREQUENT PRESS ATTACKS BY AIR SIAM.
WHILE SIRILAK MAY NOT BE POWERFUL ENOUGH TO CANCEL AIR
SIAM PERMIT, HE MAY FORCE USG TO DO THIS FOR HIM BY
RETALIATING AGAINST AIR SIAM FOR THE EXPECTED THAI CRACK-
DOWN ON US CARRIERS SHOULD THE CURRENT TALKS FAIL.
SIRILAK, WHO IS REPORTED TO BE INFLUENTIAL IN THAI
INTERNATIONAL AFFAIRS, WOULD GAIN ON TWO FRONTS BY THIS
RESULT. HE WOULD GET AIR SIAM OUT OF THE US MARKET AND
HOPEFULLY OUT OF THE THAI SCENE ALTOGETHER; AT THE SAME
TIME HE WOULD LESSEN THE COMPETITIVE THREAT OF US CARRIERS
AGAINST EVENTUAL LARGER SCALE THAI INTERNATIONAL SERVICES
TO THE US.

C. A THIRD POSSIBILITY WOULD INVOLVE ELEMENTS OF BOTH
SUB PARAS A AND B ABOVE. IF SIRILAK ACHIEVES AN AVIATION
SETTLEMENT WITH THE US INVOLVING LARGE GAINS FOR THE THAIS,
HIS POSITION ON THE THAI SCENE IS SUBSTANTIALLY STRENGTHENED
GIVING HIM A BETTER POWER BASE TO DEAL WITH AIR SIAM. IF
THE TALKS FAIL AND HE CAN BLAME US INTRANSIGEANCE; HE CAN
PROCEED TO TAKE A CRACK AT THE US CARRIERS WITH RESULTING
RETALIATION IMPACT ON AIR SIAM.

3. HOW CAN WE DEAL WITH THIS SITUATION? IF THIS ANALYSIS
IS CORRECT, THAI NEGOTIATORS WILL NOT SETTLE FOR COMPROMISE.
EVEN IF WE WERE TO GIVE THEM TOKYO-GUAM CLEAN THEY MAY STILL
INSIST ON OPEN BEYONDS OR ESTABLISH "RECIPROCAL" LIMITA-
TIONS ON THE US SIDE. MOREOVER, ALL EVIDENCE SO FAR
POINTS TO THAI INSISTENCE ON CONTINUED UNILATERAL
CAPACITY RESTRICTIONS. HOWEVER, IF WASHINGTON IS PREPARED
ULTIMATELY TO CONCEDE TOKYO-GUAM WITHOUT RESTRICTIONS,
WE MIGHT TRY AS A FIRST OPTION AN ALL-OR-NOTHING PROPOSAL
INVOLVING THE CONCESSION OF GUAM-TOKYO IN RETURN FOR THE
REST OF THE DEAL AS WE WANT IT, I.E. NO ROUTE RESTRICTIONS
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ON US AND A REASONABLE CAPACITY REGIME FOR BOTH PASSENGER
AND CARGO. THE DIFFICULTY WITH THIS APPROACH IS THAT, IF
IT FAILS, WE HAVE NOWHERE ELSE TO GO AND WOULD BE AT THE
BREAKDOWN POINT IN THE TALKS.

4. A SECOND OPTION IS TO STICK ESSENTIALLY WHERE WE ARE
AT THE MOMENT, CONTINUING TO TRADE PROPOSALS ON ROUTES AND
CAPACITY IN ORDER TO KEEP THE DIALOGUE GOING AT LEAST FOR

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THE NEXT FEW DAYS. THE OBJECTIVE WOULD BE TO ALLOW THIS ROUND SIMPLY TO PETER OUT WITHOUT ANY DIRECT CONFRONTATION ON EITHER ISSUE. A RECESS OF THE TALKS UNTIL THE FEBRUARY/ MARCH 1975 TIME FRAME COULD BE JUSTIFIED ON THE NEED TO KNOW MORE PRECISELY WHAT US LONG TERM NEEDS IN THAILAND WILL BE AS A RESULT OF THE PAA/TWA DEAL, AS WELL AS TO GIVE GOVERNMENTS AN OPPORTUNITY TO REVIEW FULLY THE DEVELOPMENTS OF THE CURRENT ROUND. OF COURSE, WE RECOGNIZE THAT TO RECESS THE TALKS WITHOUT A CONFRONTA- TION AND WITHOUT A THAI ACCUSATION THAT WE HAVE SABOTAGED THE TALKS WILL NOT BE EASY BUT OUR RECORD HERE SHOULD GIVE THE EMBASSY A GOOD CASE FOR FIGHTING AGAINST ANY FURTHER RESTRICTIONS.

5. A THIRD OPTION WOULD BE TO INFORM THE THAIS THAT WE HAVE NOW GONE AS FAR AS WE CAN AND LET THE CHIPS FALL WHERE THEY MAY. THIS WILL PROBABLY STIMULATE THE RESULTS DISCUSSED IN SUB PARAGRAPH 1 B. ABOVE.

6. UNDER ALL THE CIRCUMSTANCES THE USDEL LEANS TOWARD THE SECOND OPTION AS THE LEAST PAINFUL WAY OUT. DELAYING TACITCS, IF SUCCESSFUL, WILL PERMIT A REEVALUATION OF THE SITUATION AFTER THE RESULTS OF THE PAA/TWA DEAL ARE KNOWN AND AFTER THE ESTABLISHMENT OF A NEW GOVERNMENT. SUCH TACTICS ACCOMPANIED BY A COMMITMENT TO RESUME IN 90-120 DAYS WILL MAKE IT DIFFICULT FOR THE COMMUNICATIONS MINISTRY EITHER TO HAVE THE AGREEMENT TERMINATED OR FURTHER RESTRICTIONS APPLIED. IF WASHINGTON AGREES WITH THIS APPROACH WE WILL NEED SPECIFIC ADVICE ON THE RESPONSE TO MAKE TO THAI DOCUMENTS 4 AND 5 BY OPENING OF BUSINESS HERE TUESDAY.

7. OUR SUGGESTION WOULD BE TO RESPOND INITIALLY BY ACCEPT- ING THE SAME BLIND SECTOR RESTRICTIONS AS WE HAVE PROPOSED CONFIDENTIAL

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FOR THAIS, NAMELY, TOKYO-GUAM EN ROUTE TO BANGKOK, TAHITI- BANGKOK AND WESTERN HEMISPHERE LESS CANADA-BANGKOK. WE COULD FALL BACK TO A SET OF BLIND SECTORS WHICH WOULD INCLUDE TAHITI-BANGKOK, MANILA-BANGKOK AND AFRICA-BANGKOK. RE CAPACITY RESTRICTION WE COULD PROPOSE AS AN INITIAL POSITION THE RETENTION OF EXISTING PASSENGER QUOTAS AND THE ELIMINATION OF ALL FREIGHTER LIMITATIONS, FALLING BACK LATER ON THE FREIGHTER RESTRICTIONS.

8. AMBASSADOR'S COMMENT:

POSTPONEMENT OF TALKS ONLY POSTPONES THE PROBLEM TO A NEW GOVERNMENT WHICH MAY WELL BE MORE DIFFICULT TO DEAL WITH THAN THE PRESENT ONE.

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I AM SEEKING AN URGENT MEETING WITH THE FOREIGN MINISTER
BEFORE HE LEAVES FOR A VISIT TO LAOS AT NOON ON WEDNESDAY
(NOVEMBER 6), AND INTEND EXPRESS MY DISAPPOINTMENT WITH
COURSE OF TALKS. I WOULD LIKE TO ASK HIM INFORMALLY IF THE
IMPASSE CAN BE OVERCOME BY A U.S. CONCESSION OF TOKYO-GUAM
WITHOUT RESTRICTIONS AND A RECIPROCAL RTG AGREEMENT TO RESTORE
PANAM'S SUSPENDED FLIGHTS AND MUTUALLY-AGREED ON CAPACITY
LIMITATIONS, INCLUDING FREIGHT. THIS IS THE MINIMUM PRICE
OF A SUCCESSFUL AGREEMENT WHICH I BELIEVE WE SHOULD BE
WILLING TO PAY BOTH FOR REASONS OF OUR GENERAL DIPLOMATIC
POSITION IN THAILAND AND FOR RETENTION OF OUR ACCESS TO
ONE OF THE MOST LUCRATIVE AIRLINE MARKETS IN ASIA.

SUSPENSION OF TALKS, WITH LIKELY RECRIMINATION, COULD
HAVE DELETERIOUS IMPACT OUR IMAGE HERE DURING PRE-ELECTION
PERIOD. IT WOULD BE PREFERABLE TO WORK OUT AGREEMENT
NOW. AN EX CATHEDRA APPROACH MIGHT BE MORE REWARDING
THAN TO HOPE FOR AGREEMENT BETWEEN TWO DELEGATIONS.
PLEASE ADVISE FOR MY ATTENTION IMMEDIATE NIACT.
KINTNER

UNQUOTE INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE245520
Document Source: CORE
Document Unique ID: 00
Drafter: NLPAZDRAL:SL
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740321-0174
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741162/aaaacaiv.tel
Line Count: 191
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 03 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 APR 2002 by martinml>; APPROVED <08-Aug-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: US-THAI NEGOTIATIONS - SITREP
TAGS: EAIR, TH, US
To: BRUSSELS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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